

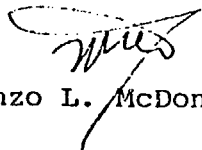
Jordan

THE WHITE HOUSE
WASHINGTON

January 5, 1980

Attached is a group of supporting
Qs and As pertaining to the
President's Friday night speech.

These were prepared on Saturday
by the Departments of Commerce,
Agriculture and State.



Alonzo L. McDonald

Questions and Answers prepared by Commerce Department

Q. What is the volume and composition of U.S.-Soviet trade?

A. In recent years (1976-1979) total U.S. exports to the Soviet Union have ranged from \$1.6 billion to a 1979 high of about \$3.0. billion. Our exports have always been dominated by agricultural products, mostly grains, with a 1979 peak of about \$2.3 billion. Manufactured goods exports to the U.S.S.R. reached \$794 million in 1976 and were about \$600 million in 1979. Included in these exports of manufactured goods were items broadly defined as "high technology" ranging from \$150 to \$216 million annually during the 1976-1979 period.

Annual imports from the U.S.S.R. during the same period have ranged from \$220 million to about \$700 million in 1979.

Q. What are you going to do with respect to presently outstanding licenses?

A. We will be reviewing them over the next few weeks to see whether any should be revoked or suspended.

Q. What standard does the President use to deny an application to export high technology or strategic items to the Soviet Union?

A. An application will be denied if it is determined that exports of the goods or technology will make a significant contribution to the military potential of the Soviet Union or another country which would prove detrimental to the national security of the United States. This standard is prescribed by the Export Administration Act of 1979.

Q. Do our allies have similar controls?

A. Yes. Japan and the NATO countries, less Iceland, control nearly all the same items the United States controls.

Q. Do your controls apply to U.S. goods which might be shipped through or reexported by third countries?

A. Yes, U.S. approval would be needed for such reexports.

Q. Does the President have authority to revoke export licenses already issued?

A. Yes, under authority of the Export Administration Act of 1979 he can revoke or suspend outstanding licenses.

Q. Will the Department continue to accept license applications?

A. Yes. However, no licenses will be issued until such time as we revise applicable licensing policies.

Q. Where does the President get authority to control exports?

A. The Export Administration Act of 1979 gives the President authority to impose controls on U.S. exports for reasons of national security, foreign policy, or short supply.

- Q. What export controls were in effect with respect to the Soviet Union before the President's announcement?
- A. All high technology items, including computers and other advanced electronic equipment, strategic oil and gas commodities, and technical data, are under export controls to the USSR. A validated license for any of these items would be issued only if the export would not be detrimental to U.S. national security.

Q. What did the President say with respect to high technology items?

A. He said that the United States would not license any more high technology or strategic items to the Soviet Union while our licensing policy was revised.

Q. Does this moratorium include computers and other advanced electronic equipment?

A. Yes.

Q. Does this moratorium include spare parts for computers?

A. Yes.

Q. Does this moratorium include oil and gas equipment?

A. Yes, insofar as such items are under validated license controls now.

Q. Is this a new control?

A. No. It is an immediate moratorium on the issuance of new licenses while we revise our licensing policy to the U.S.S.R.

Q. How long will the moratorium and policy revision last?

A. As long as it takes to review and revise our licensing policy, taking account of all current national security circumstances. The process will include interagency and intergovernmental consultations.

Q. May I ship under the validated license I now have?

A. Yes, at the present time. However, outstanding licenses to the Soviet Union are presently under review and may be revoked or suspended.

Q. Can my present validated license be renewed?

A. No, not during the moratorium.

Q. When will you put out regulations?

A. Adjusting licensing policy to reflect changed national security conditions does not require the issuance of new regulations. New regulations will be issued to add new items such as grains to the list of exports subject to advance licensing requirements.

SUSPENDING SHIPMENTS OF AGRICULTURAL COMMODITIES TO THE SOVIET UNION

For urgent reasons of national security and foreign policy, the President has directed the Secretary of Commerce, in consultation with the Secretary of Agriculture, to suspend all grain shipments to the Soviet Union in excess of the 8 million tons per year which we are committed to sell under our five year grain sale agreement. The President has also directed that exports of other agricultural products to the Soviet Union be suspended.

The President has very broad powers under the Export Administration Act of 1979 to suspend the export of goods, including agricultural commodities. Exports may be suspended for three reasons: (a) national security; (b) foreign policy; and (c) short supply in the domestic economy. When the shipment of goods are suspended for national security reasons, the statute does not require prior consultation with Congress or subsequent reporting to, or approval by, Congress. However, if the suspension is imposed for foreign policy reasons, the President is directed "in every possible instance" to consult with Congress before imposing export controls and to report to Congress immediately after imposing the controls as to the basis for his action. In addition, in the case of a suspension on exports of agricultural commodities for foreign policy reasons, the statute provides a 30-day period after the President acts within which Congress may, by action of both Houses, overturn the suspension. Of course, the suspension would be effective unless or until Congress acted.

The consultations with Congressional leaders have taken place and the President has decided to suspend shipments of agricultural commodities to the Soviet Union for urgent reasons of national security and foreign policy.

The President has also directed that actions be taken to insure that the burden of the suspension on agricultural deliveries to the Soviet Union will not fall unfairly on farmers.

The Domestic Impact

In the absence of actions to offset the decline in export shipments and the associated decline in commodity prices, the suspension on shipments of agricultural commodities would have these impacts:

- o A reduction in 1980 farm income on the order of \$3.0 billion. This would be the consequence of a decline of about 4 million tons (147 million bushels) of wheat, about 13 million tons (512 million bushels) of corn and about 1 million tons (37 million bushels) of soybeans and soybean products, and a decline in calendar year 1980 prices of about 15 cents a bushel for corn and the other feed grains and 25 cents a bushel for wheat and soybeans.
- o A reduction in the value of agricultural exports of about \$1.0 billion. About two-thirds of this would be a reduction in the value of corn exports, with the remainder mostly wheat, soybeans and soybean products, but including some reduction in the value of exports of chicken, inedible tallow, nuts and preparations, cattle hides, and other commodities.

- o A small, but essentially negligible, downward thrust on consumer prices for food in 1980. At most, the impact would be a 0.2 downward impact on the consumer price index for food, and a 0.04 percent reduction in the overall CPI.

Offsetting the Domestic Impact

The President has directed that actions be taken to assure that the burden of the suspension on agricultural export deliveries to the Soviet Union will not fall unfairly on farmers.

The Secretary of Agriculture will use existing authorities to remove feed grains and wheat from the market and to offset the expected decline in market prices:

Reserve Program Modifications

To encourage producers to place additional grain in reserve, the regulations governing the farmer-owned grain reserve programs will be amended.

Changes in the grain reserve program regulations now being considered include increasing reserve release prices to around \$3.75 a bushel for wheat and \$2.63 for corn; widening the gap between the release and call prices for reserves, from 84 to 100 cents for wheat, and from 30 to 50 cents for corn; waiving first year interest costs for grain entered into reserve; and increasing the annual storage payment for reserve grains. Reserve programs for other commodities will be proposed for public comment if the price situation warrants.

Wheat Purchases

To assure that the unshipped wheat is removed from the market, the Commodity Credit Corporation is prepared to purchase up to 4 million tons of wheat.

We will request an urgent supplemental for FY 1980 to augment current foreign food assistance programs. Purchased wheat would be used to assure that our future food aid commitments are met.

We believe that most of the 13 million tons of corn affected can be diverted from the market through our amended reserve program. If necessary, we will take additional steps to remove this corn from the market.

Acreage Diversion

To prevent excessive production in 1980, we are prepared to offer paid diversion programs for grain producers this year if subsequent developments warrant.

Commercial Export Promotion

To promote the exportation of U.S. agricultural products in other commercial markets, amendments to the non-commercial risk assurance export credit program will be proposed to make it a fully federally guaranteed credit program. Export credit funds will be increased to \$1.8 billion in FY 1980--\$1.0 billion in guaranteed and \$0.8 billion in direct loans--and \$2.0 billion, all fully guaranteed, in FY 1981.

Alcohol Fuels

In addition to the traditional sources of demand for agricultural products, the production of alcohol for gasohol will be an increasing source of demand for agricultural products. At present, quantities used to produce alcohol are small, but with the incentives supported by the Administration, future growth will be rapid.

Net Impacts

The measures being taken to offset the impact will essentially eliminate the reduction in farm income, but will add \$2.5 to \$3.0 billion to budget outlays during FY's 1980 and 1981, with about \$2.0 billion of the increase coming in FY 1980. Most of the increase in budget outlays will be associated with the removal of corn and wheat from the market, and, therefore, the budget impact will be lowered when these commodities move back into the market and loans are repaid or sale proceeds obtained.

Assuming a suspension through CY 1980, the reduction in the value of agricultural exports would be \$2.0 to \$2.25 billion.

Impact on the USSR

In his speech at the November 27 party Plenum, General Secretary Brezhnev stated that the 1979 Soviet grain crop totaled 179 million tons, which is 58 million tons below record 1978 production and 48 million tons below plan. Our estimates had been that the Soviet Union would import 34 million tons of grain from all sources, and after allowing for minor exports of about 1 million tons, would have 212 million tons available for use. Our estimate of utilization was 228 million tons, with 128 being fed to livestock. This estimate implies a reduction of 16 million tons in their grain stocks.

The United States was expected to supply 25 of the 34 million tons of imported grain. The reduction of 17 million tons would reduce total USSR grain imports to 17 million tons if no other countries increased their exports to the Soviet Union. This would reduce the availability of grains from the current crop plus net imports to about 195 million tons. This would be 36 million tons or nearly 16 percent below the quantity used last year. Reductions would have to be made in grain fed to animals and the amount available for feeding would be nearly 30 percent below the quantity fed last year. The Soviets should be able to reduce stocks significantly after last year's record crop, but even so there would be a very substantial reduction in grain available to feed to livestock.

Even if some other countries export more to the Soviet Union, the actions the Administration is taking should still require a significant reduction in grain fed to animals--on the order of a 10 percent reduction over the 9 remaining months before new crop supplies are readily available.

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SECURITY COUNCIL ACTION ON AFGHANISTAN

Q. What is the status of Security Council action on Afghanistan?

A. On the evening of January 3, 43 Governments, including the United States, sent the following letter to the President of the Security Council:

"On behalf of the governments of we have the honor to request an urgent meeting of the Security Council to consider the situation in Afghanistan and its implications for international peace and security."

Subsequently, seven more states joined in signing this letter, bringing the total number of signatories to 50. The following countries have signed the letter: Australia, Bahamas, Belgium, Canada, Chile, China, Colombia, Costa Rica, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Fiji, FRG, Greece, Haiti, Honduras, Iceland, Italy, Japan, Liberia, Luxembourg, Netherlands, New Zealand, Norway, Oman, Pakistan, Panama, Papua New Guinea, Philippines, Portugal, Saint Lucia, Saudi Arabia, Singapore, Spain, Suriname, Sweden, Turkey, UK, US, Uruguay, and Venezuela.

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The Security Council is meeting today, January 5, to consider the implications for international peace and security of the Soviet invasion.

Debate began in the afternoon of January 5, and at last word, the following states had asked to speak: Philippines, USSR, PRC, Pakistan, Japan, Egypt, Colombia, Bulgaria and Democratic Kampuchea.

SALT

Q: Why have we deferred SALT ratification?

A: As the President stated, we have taken this step because of Soviet aggression in Afghanistan. This will permit Congress and the Administration to assess Soviet action and intentions and to devote our primary attention to the legislative and other measures required to respond to this crisis.

The President sent a letter to Senator Byrd on January 3 asking him to delay consideration of the SALT II treaty on the Senate floor. The President stressed at the same time that he continues to believe the treaty is in our national interest.

Senator Byrd agreed to the President's request noting that the treaty can stay on the Senate calendar and can be brought up at a future date.

(letters attached)

Carter Letter, Byrd's Response on SALT II Debate

Following is the text of President Carter's letter to Senate Majority Leader Robert C. Byrd (D-W.Va.):

In light of the Soviet invasion of Afghanistan, I request that you delay consideration of the SALT II treaty on the Senate floor.

The purpose of this request is not to withdraw the treaty from consideration, but to defer the debate so that the Congress and I as president can assess Soviet actions and intentions, and devote our primary attention to the legislative and other measures required to respond to this crisis.

As you know, I continue to share your view that the SALT II treaty is in the national security interest of the United States and the entire world, and that it should be taken up by the Senate as soon as these more urgent issues have been addressed."

The text of the White House announcement on SALT II:

After consultation with the Senate leadership, the president has asked Senate Majority Leader Robert Byrd to delay consideration of the SALT II treaty on the Senate floor.

While the president continues to believe that ratification of SALT II is in the national security interest of the United States, he has concluded that the Soviet invasion of Afghanistan in defiance of the United Nations charter has made consideration of the SALT II treaty inappropriate at this time.

The president has asked that the delay continue while he and the Congress assess Soviet actions and intentions and devote their attention to legislative and other measures required to respond to the crisis created by the Soviet invasion of Afghanistan.

Following is the text of Sen. Byrd's response:

President Carter has requested in a letter to me today that Senate consideration of the SALT II treaty be delayed.

In view of world events of recent days which have served to cloud the atmosphere for deliberation on the treaty, I support the president's request not to push for Senate approval now.

Contrary to some suggestions, the president does not have the power to withdraw the treaty. It can only be returned to the president by order of the Senate.

I continue to believe that the SALT II treaty should be ratified because it is in the security interests of the United States. We would not be ratifying SALT II as a favor to the Soviet Union; we would be doing so to ad-

vance our own national security interests. We would not be ratifying SALT II out of trust in the Soviet Union; we would depend on our own means of verification to determine Soviet compliance with the treaty.

But, it would not be conducive to the SALT process to bring up the treaty at this time. The treaty can say on the Senate calendar and be brought up at a future date, depending on events.

The people of our nation have shown a commendable spirit of unity and patriotism when confronted by events of recent weeks which defy all logic or all pretense of responsibility.

It is my hope that this spirit of unity will continue to prevail through these difficult days, and that these developments, which cause all of us deep concern, will be dealt with on a bipartisan basis.

WP
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SALT

- Q. Precisely where does the treaty stand in the Senate?
- A. Last November the SFRC approved the treaty with certain reservations and understandings by vote of 9 to 6. Subsequently the treaty was placed on the Senate calendar, but was not brought to the floor immediately because of the press of other business.

Following the events of the past week the treaty remains on the Senate calendar and can be brought to the floor at a future time. It has not been withdrawn from Senate consideration.

Fisheries

Q: What effect will this action have on the total Soviet fishing effort?

A: -- The Soviets annual worldwide catch is about 10 million tons. 5%-7%, or 425,000 tons, of this total comes from the US fishery zone. The Soviets usually account for roughly one-quarter of the total tonnage we allocate to foreigners in our fishing zone. By this action we are reducing their share to about 5% of this total.

Q: Why are the Soviets being allowed to continue to fish the allocations which have already been made?

A: -- The permit, fee, and allocation process which we follow has been completed for this first allocation, which totals 75,000 tons, all located in the Gulf of Alaska. Some portion of this allocation has already been caught. The allocation has been made under the terms of a bilateral agreement and to withdraw this allocation would open us to a charge of violating the fishery agreement which we have with the Soviet Union.

Q: Why is it not a violation of the agreement to withhold further allocations?

A: -- The agreement itself does not grant the Soviet Union a right to fish in the US fishery zone. That right is only granted through the permit, fee and allocation system set forth in the agreement and its annexes.

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Q: Does the US intend to withdraw from its fisheries agreement with the Soviet Union?

A: -- That is a question which has not been decided yet.

Q: What regions will be most affected by the cessation of Soviet fishing?

A: The vast majority of Soviet fishing takes place in the Bering Sea, the Gulf of Alaska, and off Washington, Oregon and California. There is a small fishery located off the Northeast coast.

Q: Have the Soviets been notified of this action?

A: The Department of State has been directed to notify the Soviets of this action.

Q: Do you expect that the Soviets will take retaliatory action in the fisheries arena, and if so, what form could it take?

A: The US does not fish off the coast of the Soviet Union. However, a number of our allies do. Were the Soviets to exclude our allies from fishing off their coasts, we would consider reallocating a part of our surplus to those nations to avoid economic harm that might be created. There are also some joint US-Soviet fishing ventures, which could be affected if the Soviets choose not to continue these operations.

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Q: You have only mentioned the Soviet Union. The US has fishery agreements with a number of Eastern European nations. Is action also being considered against these countries?

A: At the present time we are not contemplating such action. Allocations to Eastern European nations with whom we have fishery agreements will be made in the normal fashion.

Exchange Agreements

Q: What exchange agreements do we have with the Soviets?

A. Cultural and Educational Exchanges

A General Exchanges Agreement (which expired on December 31) provided for the following kinds of exchanges:

- parliamentary and other politically-oriented delegations;
- graduate students, young faculty, researchers, lecturers and language teachers (total about 100 per year);
- exhibits, such as "Agriculture USA" which toured the USSR for over a year;
- reciprocal distribution of the magazines America and Soviet Life, at 62,000 copies monthly;
- performing arts groups, such as the Preservation Hall Jazz Band now on tour in the USSR;
- a wide range of other delegation exchanges in education, arts, theater, publishing, etc.

B. Scientific and Technical Agreements

Exchange activities under the 11 scientific and technical agreements are generally administered by the various US Government agencies which deal with the fields involved (see below). By and large, these activities are carried out by joint US-USSR working groups devoted to joint research or exchange of information on specific problem areas of interest to both sides. Travel both ways takes place frequently throughout the year, although at no specified intervals; it involves some 1,500 persons a year.

Below are the fields covered by the 11 agreements, the US agency administering each agreement, and a list of the active working groups under each agreement:

Agriculture (DOA)

Germ Plasm and Seed Exchange
Animal Science
Data and Literature Exchange
Research and Technology (Soil Science, Crop Modeling)

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Transportation (DOT)

Transport Construction
Rail Transport
Aviation
Auto Transport

Housing (HUD)

Design Construction
Utilities
Materials, Components
Seismic Construction
Extreme Climates
New Towns

Environment (EPA)

Prevention of Air Pollution
Prevention of Water Pollution
Pollution from Agricultural Production
Urban Environment
Nature and Preserves
Marine Environment
Biological and Genetic Effects of Pollution
Environmental Changes and Climate
Earthquake Prediction
Legal and Administrative Measures

Science and Technology (Office of Science and Technology Policy)

Computer Applications to Management
Chemical Catalysis
Electrometallurgy and Materials
Forestry
Metrology
Microbiology
Physics
Science Policy
Water Resources

Health (HEW)

Oncology (Malignant Neoplasia)
Heart
Environmental Health
Influenza

Energy (DOE)

Electric Energy (MHD or Magnetohydrodynamics is the most active project, by far in this working group; there is also some activity in superconducting transmission)

Atomic Energy (DOE)

Fundamental Properties of Matter
Fast Breeder Reactors
Controlled Thermonuclear Research

Space (NASA)

Space Biology and Medicine (chiefly Cosmos experiments)
Search and Rescue
Near Earth Space

Oceans (NOAA)

Ocean Dynamics
Geology

Artificial Heart (HEW)

Q: Can you be more precise about what is being cut in our exchange programs with the Soviets?

A: -- We are deferring all high level meetings and activities. Those presently scheduled, all of which are being deferred, are the annual joint committee meetings for the housing, agriculture and health agreements.

- An agricultural JCM had been scheduled for Moscow in late January. Assistant Secretary of Agriculture Hathaway had been designated as the US delegation leader.
- A housing JCM was scheduled to be held in Moscow in late February. HUD Secretary Landrieu had been designated as the US delegation leader.
- A health agreement JCM had been scheduled for mid-February in the United States. HEW Assistant Secretary Richmond had been designated as US delegation leader.

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These meetings would have planned for future activities under the agreements and would have involved high-level US and Soviet participation.

-- All such exchanges between US and Soviet officials will be reviewed. Exchanges at the Assistant Secretary level, or above, are effectively frozen at this point.

-- We have also postponed the major project under the energy agreement. This was the magnetohydrodynamics program, a long-range project aimed at the more efficient burning of coal. The US-USSR Energy Agreement was signed at the summit meeting in Moscow in June 1974. It was renewed in June of 1979 for an additional three years. The agreement is administered on the US side by the Department of Energy. The lead Soviet agency is the Ministry of Power and Electrification.

-- Other specific cutbacks in exchange programs will be decided on as previously scheduled activities come up for review.

Q: What activities are being retained?

A: -- We intend to continue only with those working-level routine exchanges, which have been of particular benefit to us, in those areas related to people's welfare, such as health, and pollution control.

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Q: What about cultural activities?

A: -- With respect to cultural exchanges, our agreement in this area with the Soviets expired on December 31. We will not be negotiating a new agreement under the present circumstances. Routine ongoing programs, however, such as the study of a relatively small number of US scholars in the Soviet Union and Soviet scholars here will continue.

Civil Aviation

Q: What action is being taken on Soviet Aeroflot flights to the US?

A: -- They will be cut back to two flights a week to New York.

Q: How many flights does Aeroflot now operate?

A: -- Aeroflot has operated three weekly flights during the winter season (October through March). Last summer, Aeroflot operated four per week. Two flights each week are to New York and the rest are to Washington, D.C.

Q: Does an American line serve Moscow?

A: -- Until October, 1978 Pan American flew to Moscow on a scheduled basis. However, since then no US airline has maintained scheduled service to the USSR. From time to time some US carriers have operated charter flights into the Soviet Union.

Q: Would reduction of Aeroflot's flights violate any agreement we have with the USSR?

A: -- No. Specifics such as scheduled frequencies have always been subject to governmental arrangements.

Q: Will Aeroflot be required to close any of its offices?

A: -- Not at this time, but we have the question of its New York and Washington offices under review.

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Q: Does any American airline have offices in the USSR?

A: -- Yes. Pan Am still maintains an office with one American in Moscow.

Q: Would US charter flights be affected if Aeroflot flights are reduced?

A: -- There are no known charter flights by US aircraft anticipated in the near future. We would expect non-governmental charter flights to continue to be approved.

PAKISTAN

Q. Will the Administration seek an exception to the Symington Amendment, to allow more assistance to Pakistan?

A. -- We are working with Congressional leaders and will support legislation to remove restrictions on American assistance to Pakistan. The United States Government must be able to provide the military equipment, food and other assistance to Pakistan that is necessary to help that nation, which borders on Afghanistan, deal effectively with the seriously increased threat that it faces from the north. We believe that we can develop, together with the Congress, a means of balancing our continuing concerns about Pakistan's nuclear activities with the urgent need to respond, in a clear and credible manner, to the Soviet challenge to peace in Asia.

-- This is clearly an exceptional circumstance. We remain committed in our opposition to any proliferation of nuclear devices.